



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: January 27, 2004 REPORT NO. CMR-04-
ATTENTION: Honorable Mayor and Members of the City Council
Docket of February 3, 2004
SUBJECT: Update on Redevelopment Agency's Affordable Housing Program

SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE CITY COUNCIL.

BACKGROUND:

At the request of Mayor Dick Murphy, the Redevelopment Division is providing this informational report to update the City Council on the progress of the Redevelopment Agency's Affordable Housing Program over the last year.

On August 6, 2002 ('Housing Day'), the San Diego City Council declared a housing state of emergency in the City in response to the serious shortage of affordable housing. Among other actions that day, the City Council accepted the recommendation of the Comprehensive Affordable Housing Collaborative (comprised of the City's Redevelopment Division, Centre City Development Corporation (CCDC), Southeastern Economic Development Corporation (SEDC) and the San Diego Housing Commission) to approve the leveraging of Redevelopment Agency low- and moderate-income housing set-aside funds to create up to \$55 million in available financing to assist in the creation of 2,185 new affordable housing units citywide. The Council authorized the release on January 28, 2003 of the Notice of Funding Availability (NOFA) as a

means to solicit and evaluate proposals from the private sector and housing advocates for construction of the desired affordable units.

DISCUSSION:

Within the year since the initiation of the Agency's Affordable Housing Program through issuance of the 'NOFA,' the Collaborative has received and worked on ten completed applications (see Attachment 1). Seven of these, which include 671 proposed new units for \$38 million, are either approved or in process. Of these, the Program's Executive Loan Committee (ELC) has recommended three projects to the Redevelopment Agency for funding to support construction of 261 new units with \$11.3 million. This equates to a subsidy of \$43,295 per unit.

Lillian Place, was the first project to receive Agency approval and gap funding on December 9, 2003 - in the amount of \$5,450,000. The Ken-Tal Senior Housing Project followed with approval on January 27, 2004 of a \$3.8 million subsidy. The San Diego Rescue Mission's Harbor View Project, already recommended by the ELC, currently awaits Agency hearing.

Lillian Place, an affordable housing project for low to moderate income families located in downtown's East Village proposes 74 rental units. It will offer one-, two- and three-bedroom units and is designed for families with children. The project footprint will also include a learning center/computer room, tot lot, open space garden area, and 75 underground parking spaces.

The Ken-Tal project, to be located in the City Heights Project Area along the El Cajon Boulevard transit corridor, will construct 90 units of very low income senior housing with a senior center, retail and 91 underground parking spaces. The San Diego Rescue Mission's Harbor View Project would provide 97 units of transitional housing and residential care for extremely low income adults and children.

In order to encourage applicants and to facilitate this new program, the Collaborative has also conducted two successful developer pre-submittal workshops, engaged three financial consultants on a stand-by basis through a Request for Proposals, conducted two staff training sessions, and designed, implemented and adjusted a new project review and approval process.

The most recent pre-submittal workshop, held in December 2003, attracted more than 50 interested participants. At the workshop Agency and City staff presented information on the Agency's Affordable Housing Program, the Inclusionary Housing Ordinance, and the Affordable Housing/Infill Expedite Program. Two process-approved developers spoke positively about the program and gave suggestions on streamlining the process, which the Collaborative is working to implement.

The Agency continues to receive applications on an on-going basis for gap financing from last year's \$55 million affordable housing NOFA issuance. As funds are being drawn down and

projects gain approval, it is anticipated that this initial commitment will be fully allocated later this calendar year. The Agency will be evaluating requesting more such funds in calendar year 2005.

In addition to affordable housing projects funded by the NOFA, the Redevelopment Division currently has commitments of \$11.2 million to support 324 new units in the next couple of years in City Heights, North Park, North Bay and San Ysidro (\$34,568 per unit). The Division will also be updating and discussing the Agency's Affordable Housing Program with the various Project Area Committees (PACs) over the next several months. At the request of the Land Use and Housing Committee on January 21, 2004, staff will also solicit input from the PACs on the Affordable Housing Taskforce's recommendation to raise the percentage of tax increment set aside for affordable housing (currently at 20%).

Respectfully submitted,

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TH/cm

Note: Attachment 2 is not available in electronic format. A copy is available for review in the Office of the City Clerk.

Attachment: [1. Redevelopment Agency Affordable Housing Program Matrix](#)
2. Comprehensive Affordable Housing Listing, 1992-2003